

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3179-06  
BILL NO.: Perfected HS for HCS for HB 1489, 1488, and 1650  
SUBJECT: Children and Minors; Health Care; Health, Public  
TYPE: Original  
DATE: April 20, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
General Revenue	(\$559,808 to \$1,261,977)	(\$496,700 to \$1,364,928)	(\$582,207 to \$1,476,482)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$559,808 TO \$1,261,977)</b>	<b>(\$496,700 TO \$1,364,928)</b>	<b>(\$582,207 TO \$1,476,482)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Federal funds	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenues and expenditures of approximately \$200,000 annually net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Local Government</b>	<b>\$535,600</b>	<b>\$160,600</b>	<b>\$346,600</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance**, the **Department of Conservation**, the **Department of Transportation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

**Missouri Consolidated Health Care Plan (HCP)** officials state that they cover childhood immunizations at 100%. HCP states that adding varicella and hepatitis A to the covered immunizations may increase the plan's cost. HCP states this cost could be passed on through premium increases. HCP expects the fiscal impact would be minimal.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** based the fiscal impact from the proposal on the number of children on Medicaid attending day care center, preschools, and nursery schools and the number of children entering school each year. DMS currently pays for the administration of these injections. DMS states the actual cost of the drug is provided by the Vaccine for Children program which is administered by the Department of Health. DMS states the current Medicaid reimbursement for the administration of these immunizations is \$5.00. The current Medicaid population age 2 - 4 is approximately 75,000. DMS assumed that 50% of these children are in a day care center, preschool, or nursery school. DMS assumed that there 25,000 new children on Medicaid would enter a day care center, preschool, or nursery school each year. DMS also assumed that there would be 24,800 children on medicaid who would enter school in the 2002-2003 school year, of which 50% have already been immunized for hepatitis A and varicella. DMS estimates costs of \$535,600 for FY2001, \$160,600 for FY2002, and \$346,600 for FY2003. DMS states that they are unable to determine the fiscal impact to expand the exemptions of immunizations to include philosophical beliefs. However, DMS assumes that the failure to immunize these children would result in costly treatment for the diseases that the immunizations were specifically intended to prevent.

**Department of Health (DOH)** officials state that children would not be required to be immunized against varicella if they had already had the disease (which confers natural immunity). DOH states they currently offer varicella vaccine to Vaccines For Children (VFC) - eligible children served by private providers and to all children from newborn through eighteen years of age served by the local public health agencies (LPHA). Therefore, DOH states that if varicella vaccination becomes a requirement for daycare and/or school attendance, there would be no new cost to the department. DOH states that, due to lack of funding, the department is currently able to offer hepatitis A vaccine to only VFC-eligible children served by private and public providers.

ASSUMPTION (continued)

DOH states that in Missouri, approximately 100,000 children attend license day care facilities with ten or more children. Approximately 37% (37,000) of these children are eligible for the VFC program and could receive their hepatitis A vaccine series through the VFC program. Of the remaining 63% (63,000) non-VFC eligible children who attend day care center, 30% (18,900) currently receive their immunizations from the LPHAs. However, if hepatitis A vaccination becomes a requirement for day care and /or school attendance, DOH assumes that as many as 90% (56,700) may go to the LPHA because: 1) Hepatitis A was added to the Recommended Childhood Immunization Schedule just this year and then for only selected states (such as Missouri). Since it has not been a universally recommended vaccine until now, most insurance companies probably do not cover it. 2) In addition, numerous insurance companies are exempt from the provisions of Missouri's first dollar immunization insurance law. 3) For those companies that are not exempt, they probably would not have to cover hepatitis A vaccine until policies renew, which could take a year cycle. and, 4) since two doses of hepatitis A vaccine in the private sector cost over \$50 (not including administration fees and office visit charges), most parents probable would not want to pay these expenses out of their pocket. The hepatitis A vaccine series consists of two doses and costs \$11.15 per dose in the public sector. DOH estimates a range of \$421,470 (18,900 children x 2 doses x \$11.15 per dose) to \$1,264,410 (56,700 children x 2 doses x \$11.15 per dose). DOH states that if day care center immunization requirements are implemented two years before school immunization requirements, the department can not accurately project what, if any, additional funding might be needed to vaccinate kindergartners against varicella and hepatitis A two years from now. DOH states the addition of a philosophical exemption would not have a fiscal impact on the department.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Cost - Department of Health

Hepatitis A vaccine	(\$351,085 to \$1,053,254)	(\$434,114 to \$1,302,342)	(\$447,137 to \$1,341,412)
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Cost - Department of Social Services

Medical assistance payments	<u>(\$208,723)</u>	<u>(\$62,586)</u>	<u>(\$135,070)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$559,808 TO \$1,261,977)</u></b>	<b><u>(\$496,700 TO \$1,364,928)</u></b>	<b><u>(\$582,207 TO \$1,476,482)</u></b>

**FEDERAL FUNDS**

<u>Income - Department of Social Services</u>			
Medicaid reimbursements	\$326,877	\$98,014	\$211,530
<u>Cost - Department of Social Services</u>			
Medical assistance payments	<u>(\$326,877)</u>	<u>(\$98,014)</u>	<u>(\$211,530)</u>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**LOCAL PUBLIC HEALTH  
AGENCIES**

<u>Income - Local Public Health Agencies</u>			
Administration of vaccine program	<u>\$535,600</u>	<u>\$160,600</u>	<u>\$346,600</u>

<b>ESTIMATED NET EFFECT ON LOCAL PUBLIC HEALTH AGENCIES</b>	<b><u>\$535,600</u></b>	<b><u>\$160,600</u></b>	<b><u>\$346,600</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

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DESCRIPTION

This proposal would add immunization against varicella (chickenpox) and hepatitis A to the immunizations required for school children who attend public, private, parochial, or parish schools.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Department of Transportation  
Department of Conservation  
Department of Insurance  
Department of Public Safety  
Missouri State Highway Patrol



Jeanne Jarrett, CPA  
Director  
April 20, 2000